Human Events *A Weekly Analysis for the American Citizen*
Editorial Office 1710 Rhode Island Ave., N. W., WASHINGTON 6, D. C. *Telephone* NATIONAL 2066
VOL. VI, NO. 27, *Issue Number* 284, JULY 6, 1949 ★ *Editors:* FELIX MORLEY & FRANK C. HANIGHEN

THE DEAD END OF NATIONAL SOCIALISM

by Felix Morley

The American people are extremely charitable toward those who govern them. We maintain a truly remarkable tolerance while our substance is squandered by the officials of our own, and foreign, governments. A case in point is the manner in which we are subsidizing National Socialism in various European countries, after having spent billions to destroy National Socialism in Germany.

But there are signs -- and they accumulate -- that many Americans weary of the role of patient Griselda. It is one thing to endure the trials that Heaven sends us. To be stupidly apathetic in the face of the follies of our own politicians is quite another. Fortunately, there remains, thoroughout the nation, a lingering trace of that rebellious spirit which led the signers of the Declaration of Independence to denounce the "repeated injuries and usurpations" of government.

These usurpations are certainly more pronounced in 1949 than they were in 1776. And the week of July 4 is surely an appropriate time for taking stock. When this is done a definite technique of governmental deception becomes apparent.

This technique consists in leaping from one unstable policy to another -- like Eliza crossing the ice -- and holding firm to any policy only long enough to propagandize it as a bold new gateway to Utopia. Then, in the justified belief that the public memory is short, off we go at a tangent, gradually working round (as Eliza didn't) to a complete reversal of position.

Thus, in four short years, the Truman Administration has moved to conclude a military alliance against the government which so recently was its gallant and trusted ally. Thus, in the same short space of time, we have plunged from bitter denunciation of the principles of National Socialism to official support of all its major economic tenets.

II

In all the essentials, the Labor Government in Britain is now following the economic road constructed by the Nazis during the years immediately preceding the war. This is not less true because of certain secondary differences. One must not be deceived by the fact that the English are not seriously affected with anti-Semitism, or other peripheral characteristics that made the Nazi doctrine obviously horrible

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In some other respects the parallel is not altogether complete. For instance no English Socialist -- most certainly not Sir Stafford Cripps -- has demonstrated the ability that Hjalmar Schacht and his colleagues displayed in making Autarky work in pre-war Germany. Although it led to war, the Nazi closed economy succeeded temporarily even against bitter American opposition. In Britain it is failing, even with lavish American support.

Nevertheless, the parallel is deadly and disconcerting. There is the same device of managed currency, artificially over-valued to hold down the cost of living at home. There is the system of blocked pounds, copied from the blocked marks that Dr. Schacht developed with such ingenuity. There is the same use of an inconvertible currency to force exports out of Britain which, like Germany, must "export or die".

Finally, the natural outcome of this single system is governmental barter arrangements, such as that which Great Britain signed with Argentina on June 27. This is a direct copy, on a somewhat larger scale, of the much-criticized trade treaties concluded by Nazi Germany with Bulgaria, Yugoslavia, Hungary and other European States during the late Thirties. It makes a mockery of our trade agreements program.

Then, as a footnote, there is the same semi-apologetic official attitude for scrapping the principles of multilateral trade under the force of circumstance. Dr. Schacht always maintained that his barter arrangements were forced upon Germany because of its dollar shortage. Sir Oliver Franks, flying back to London for urgent conferences on the British crisis, used almost the same words as he left Washington last week. The Anglo-Argentine treaty, said the British Ambassador, "represents what two countries with a shortage of dollars had to arrange".

III

Shortly before the United States entered the last war many Americans read a book entitled, You Can't Do Business With Hitler. Its author, Douglas Miller, had been Commercial Attaché at our Berlin Embassy and was thoroughly familiar with the economics of National Socialism. On page 71 of this book he observed that "To the Nazi economists goes the credit for working out a system of living on their debts". Britain is trying to do that now. Then Mr. Miller wrote:

> "The broad lines of Schacht's economic policy were, first, to segregate Germany's trade relations from participation in any international network of commercial and financial transactions, establishing a series of independent bilateral relations with individual foreign countries."

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When Cripps is substituted for Schacht, and Britain for Germany, this remains as an accurate description of the foreign trade policy now dominant in London, and to a lesser extent in other capitals of Western Europe. So it is worthwhile to recall the conclusions which Mr. Miller drew, in 1941, (pp. 210-11):

> "If . . . we conform to the Nazi pattern and conduct special negotiations between Washington and Berlin, covering commodities on a barter basis, we shall have to upset our whole economy as we know it now. . . . We should be on a fair way to planned economy and a system of State Socialism."

We refused to extend credits or to negotiate a barter treaty with German National Socialism. We have extended lavish credits, thereby avoiding the necessity of a barter treaty, with British National Socialism. But Marshall Plan credits, even at the current rate of nearly a billion a year to Britain alone, are proving inadequate. So we are now searching feverishly to find some method of continuing governmental subsidies to bankrupt European governments when, as, and if the failure of the Marshall Plan eventually becomes obvious. That is a part of the explanation of Point Four, analyzed by Edna Lonigan in HUMAN EVENTS last week. Here is the latest come-on in the unending series of panaceas trotted out in quick succession as each earlier quackery is exposed.

The prospective failure of the Marshall Plan is the more disastrous because, in stimulating production, it has undoubtedly been helpful. The recent comprehensive report of the Economic Commission for Europe shows that Western European production -- excepting Germany -- was 13 per cent greater in volume in 1948 than in 1938. But the same report makes clear that the problem of restoring trade within the boundaries of Western Europe is becoming more difficult. All the beneficiaries of ERP have rigid trade barriers against each other, and optimistically rely on being able to dump their surplus production on the American market.

The buyers' strike in the United States -- for that is the best description of our current "recession" -- is now bringing this impossible situation to a head. For while we might either subsidize European producers indefinitely, or indefinitely absorb huge quantities of European products at moderate prices, we cannot simultaneously cut our purchasing power to subsidize Europe, and buy from Europe at prices inflated by those very subsidies.

That is why the increase in European production is not enough. It must be followed by a decline in European production costs. But any such decline is intentionally and artificially prevented by the closed and controlled economies of Western Europe, especially that of Britain.

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The current English hostility to competition is shown not only by the monopolization trend in nationalized industry at home, but also in the gloomy procedure of dismantling competitive German industry. It is no longer seriously pretended that dismantling is designed to prevent a resurgence of German military power, or to provide reparations. The underlying motive is seen in reports that when Hamburg shipyards were dismantled much of the material was dumped in the North Sea. Britain wants no restoration of German merchant shipping.

By dismantling competitive German industry -- while we feed the unemployed workmen to keep them from going Communist -- the British have doubtless acquired a few million dollars, which otherwise would have enabled Germans to buy British products. That the net gain, from the English viewpoint, has been infinitesimal is shown by the gathering financial crisis there. As the London Economist of June 11 frankly says: "British exports overseas have only increased by the percentage of Germany's loss."

For a time the socialistic sabotage of the European Recovery Program could be concealed from American attention. We are an easy-going people, and having squandered so many billions on Europe, at one time and another, the waste of a few more has seemed relatively unimportant.

But if the lush days are over; if the decline of business activity -- and of tax receipts -- continues, a very different mood will soon be apparent in the United States. It is in the highest degree unlikely that we shall continue to subsidize the competition of European producers who are themselves unwilling to admit the value of competition. Even with American subsidies of a billion a year Britain is in serious difficulties. What will be its fate when those subsidies are withdrawn?

Clearly the only solution for Western Europe lies in actual progress -- not merely lip service -- towards economic and political federation, including Spain and Western Germany on an equal basis. If Europeans cannot see this for themselves they will eventually have to be told that it is an indispensable condition of continued American aid.

We cannot do business with National Socialism, even when it is operated by those who evidently dislike German competitive ability much more than the Nazi economic theory which they have gone so far to adopt. The State Department's propaganda does not conceal the fact that we are subsidizing, in Britain, policies patterned upon those which we denounced, in Germany.

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Not Merely Gossip *A Supplement to* Human Events Vol. VI, No. 27

By Frank C. Hanighen July 6, 1949

TRUMAN VS. BARUCH: Mr. Bernard Baruch, as he mounted the gangplank for Europe last week, commented tartly on the Administration failure to make ready a war mobilization plan. Mr. Truman, at his press conference, commented tartly on Baruch's remark. The exchange was not without significance, apart from the issue of war mobilization plans. Those who know the much-publicized Elder Statesman have noted his increasing grumbles directed at Truman and Truman policies. They say that Mr. Baruch goes, somewhat bitterly, over and over his clash with Truman during last fall's campaign. Baruch certainly "went fishing" at that time. He has remained a stranger to the White House ever since, although one may wonder what would have happened to his grumbling if the President had extended the olive branch. It might have been wiser for Truman to have made peace, for the Elder Statesman has "connections" with other "elder statesmen" and traditionally the press eagerly heeds his utterances, whether for direct quotation or not.

In recent months Mr. Baruch is said to have exerted no small influence on the thinking of former Secretary of State Byrnes and General Dwight Eisenhower, Columbia's President. An old chilliness between Byrnes and Baruch has vanished in the past year and the two are said to be warm friends again. The General, now resident in the same city as Baruch, has had ample opportunity to drink of the latter's wisdom. Both of these figures, in their utterances, have eschewed the former New Dealism which gave them a "liberal" veneer in the eyes of "liberals", and now they talk ominously of the dangers of the Welfare State and governmental paternalism. Mr. Byrnes' recent speech, on these themes, provoked much interest in the Capital and was regarded as a sharp rebuke to the Administration. Finally, we can report that Baruch himself is contemplating a speaking tour of the country "to save the nation", and his European trip will undoubtedly provide him with much material. The tart rejoinder of Mr. Truman at the press conference certainly did nothing to discourage such plans.

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ODDS AND ENDS: Senator Lucas, Majority Leader, met Senator Taft in the cloak room last week, and asked: "Bob, how about a gentleman's agreement to adjourn on August 1?" Taft replied: "All right. We can get such an agreement between gentlemen of the Senate, but how about the s.o.b.'s?"

---- Broadcasting reports that Frank Lee, President of Lee Hats, Inc. and sponsor of the Drew Pearson Sunday night program, will discontinue his contract with the famous radio commentator.

---- Governor Chester Bowles has encountered serious trouble within his party in Connecticut. Old line Irish Catholic leaders protested Bowles' statement in behalf of the Nation, Leftist weekly, now embroiled in a school library controversy in New York. These leaders also dislike Bowles' fondness for the Left Wing Americans for Democratic Action. And finally they are disgruntled over appointments. Republicans have taken heart and hope that the row may cause the organization leaders of the Democratic Party to "knife" Bowles in next year's elections.

---- Lawyers who watch the Hiss case say that Judge Kaufman was sound in ruling out collateral evidence from Mrs. Hede Massing, former wife of Gerhart Eisler. The Prosecution wanted to put this witness on the stand, counted heavily on her

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story to corroborate Chambers' testimony, and was keenly disappointed when Kaufman excluded Mrs. Massing's testimony. However, these lawyers-on-the-sidelines remark that Kaufman was certainly inconsistent; for he had admitted collateral evidence of a similar type from Malcolm Cowley, a Defense witness. Either an acquittal or a conviction would, of course, put an end to such arguments from the fans; but it is agreed that a "hung jury" would release bitter and widely publicized controversies on these and other points of the trial.

---- Senator Pat McCarran, Chairman of the Judiciary Committee, is accused of holding up action on the new and "liberalized" Displaced Persons bill, which passed the House. Certain leaders of religious and racial minority groups have been trying to put pressure on the Nevada Senator; and warnings have been served that much "New York money" might be used to defeat McCarran in next year's election in Nevada. The word has been passed: "Remember what happened to Senator Wheeler." (Wheeler was defeated for renomination in Montana in 1946; a good deal of "outside money" was used to back Wheeler's opponents.) Some observers, however, think that McCarran (if he is really trying to block the DP bill) may be rather farsighted, that by next year popular feeling, because of increased unemployment, will be against any relaxation of the laws restricting immigration.

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THE U. S. AND THE BRITISH CRISIS: Behind the current Anglo-American dispute over international trade lies a story. For some months, many American Government economists have been increasingly critical of Britain's attitude -- its insistence on the inconvertibility of sterling balances, on bilateral trade agreements, etc. It is not so well known that the backbone of American resistance to the British stand has been in the U.S. Treasury -- specifically, Secretary Snyder and Assistant Secretary William McChesney Martin. These officials have felt that multilateral trade offers the best chance of eventually attaining free trade and a prosperous world. They believe that ECA dollars should not go into creating a system of autarkies, and that we should get some constructive policy under way in return for our money. Originally, the Treasury was alone in making a strong stand on this platform, but by last week they had rallied all the six members of the President's financial Advisory Council, which is composed of the following: the Secretaries of State, Commerce and Treasury; the Chairman of the Export-Import Bank; the Chairman of the Federal Reserve; and the ECA Administrator.

On June 30, this group hailed, as a victory for its side, a compromise with Britain on the matter of sterling convertibility. By this pact, Britain agreed that 25 per cent of sterling balances should be transferable to other currencies. In the Advisory Council, there was talk that "at last we're going to get something for our money", and that what they called "Britain's stage-managed crisis" had failed to overcome the U.S. resistance. Overstatement was natural at the moment. There is a very real British crisis. But the group members did have a point about "stage-management". After all, the British dollar shortage has been a developing problem for some time, and a sudden burst of London lamentations coincides rather suspiciously with crucial bargaining. U.S. officials, however, hasten to add that they do not minimize Britain's serious situation. But that they do stick by their guns was shown in the Advisory Council's proposal for a "revaluation" of "some" foreign currencies -- a rather mincing way of asking for devaluation of the pound. Suggestive of their conservative point of view was the opposition to sending any American aid to build up foreign currency reserves. And, it might be added, as a further indication of their conservative philosophy, some members of the group are said to be very cool to that "brave, new plan", the famous Point Four.

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TOM CLARK: As June went out and the orators cleared their throats for Independence Day, we received a release from the Department of Justice, 39 pages long, which rendered jocular a half hour or so in our shop. It commenced: "Tom C. Clark today marks his fourth year in office as the Attorney General of the United States." Since it is well known that Mr. Clark has a rather precarious hold on his job, the record of his derring-do has a rather defensive ring. The Left Wing of his party wants to replace him with Mr. Clark Clifford, and the Right Wing complains that he is too soft toward subversive characters. And an Administration that wants choice, very choice, prosecutions of subversives, does not like it when Clark's efforts along this line touch Administration figures. Poor Mr. Clark! But the boasts of his release writer are rather funny.

For instance, there is the reference on page 3 to the "harmonious working relationships not only in the internal affairs of the Department, but between other Government organizations as well". Coming right after the Coplon case, this must be news indeed to J. Edgar Hoover, who almost resigned because of Clark's bungling -- not to mention the bellowing Dr. Condon of the Bureau of Standards. Then, there is the exultation on page 31 about the Department's success in deporting Hans and Louisa Eisler. But there is silence about that famous self-deportee, Gerhart Eisler. The cream of this 39-page jest, however, is the Department's explanation of why there are so many subversives in the U.S. Believe it or not, the release says: "All of the top-notch Communists entered the United States before the first administration of Franklin Delano Roosevelt, arriving during the Harding, Coolidge or Hoover periods. Under President Truman, they are being shipped back as fast as law and visa conditions permit."

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GERHART EISLER: For those who shrugged off Gerhart Eisler's melodramatic escape ("good riddance to bad rubbish", they said) the following reports which we have received from reliable sources may suggest reconsideration. We learn that three days before Eisler took French leave, the Polish Government ordered its consular office in New York to facilitate immediately in every way possible the return of Eisler to the Eastern zone of Germany. Since the Warsaw Government merely carries out the ukases of the Kremlin, this move represented an urgent request from the Comintern in Moscow, for good Comintern reasons. What followed indicates that Polish officials here heeded their master's voice. (Unfortunately, our hush-hush services only obtained a copy of the Warsaw telegram after Eisler was on the high seas.)

But why the urgency in regard to this particular kremlin agent? The fact is that Moscow has been having trouble with the German Communists. Most of these gentlemen rested in Nazi jails from 1933 to 1945 -- while elsewhere Moscow was purging the Party of "unreliable" elements. So, today, the German Communist Party is shot through with Trotskyists, Bukharinists, Titoists, etc. A man like Eisler who is not a German and who has proved his faithfulness to the Kremlin is badly needed. Hence his decision to settle down in Leipzig, which will be the seat of the forthcoming Eastern German Government. And hence, some other activities of our recent guest which have so far been unreported in the press.

We learn that Eisler is slated to become, if not Foreign Secretary of the projected puppet government in Leipzig, at least Undersecretary. With this in prospect, he is said to have just fulfilled an important mission to a certain internment camp in Byelo-Russia. This camp contains former Nazi diplomats, whom the Russian forces captured when they moved into the Balkans. These diplomats have been undergoing a course of screening and indoctrination, and the Russians regard them as potentially more reliable servants of a puppet German regime than German Communists. Eisler, it is believed, has selected from this Nazi reservoir the personnel of his Foreign Office organization in Leipzig.

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Book Events

The Irish: A Character Study, by Sean O'Faolain. New York: The Devin-Adair Company. $2.75. Reviewed by J. M. Lalley.

Mr. O'Faolain here undertakes to interpret the modern Irish to themselves and to others in the light of racial genius and historical development; but the interpretation although supported by a considerable scholarship, will not, I suspect, be much relished by the more passionate of his compatriots, and even less perhaps by those Irish-Americans whose devotion to the ancestral pieties is combined with a good deal of historical vagueness. For that matter it should shake a good many preconceptions of the Irish character held tenaciously by the generality of Americans. One of the fatal defects of the Gaelic temperament, Mr. O'Faolain tells us, has been the absence of a political instinct in any larger sense of the word. Mr. O'Faolain has evidently come under the spell of Professor Toynbee, and seeks to explain why the ancient Irish, or "Far Western", culture, which at the beginning of the continental Dark Ages fell into the legacies of Greece and Rome, after a few bright centuries of literary ferment and missionary enterprise, suddenly grew sterile and left no further mark upon European life. The habit of Irish historians has been to put the blame upon the Norse and Anglo-Norman invasions, and the centuries of intermittent border warfare that followed; but Mr. O'Faolain sees rather the failure to respond to the "challenge from without". The fanatical conservatism with which the Gaelic Irish clung to their anachronistic and pre-feudal manner of life prevented them from achieving the political and national cohesion necessary to successful resistance. They were, in short, neither prepared to expel their conquerors nor yet to blend with them in the creation of a new and stable civilization.

Thus all the institutions by which the modern Irish nation is governed -- the laws, the roads, the buildings, and even the cities and towns -- are alien innovations. The modern population itself is an amalgam of many strains. The Gaelic spirit, however, survives in the extreme individualism, almost resembling anarchism, of the Irish temperament; which is most pronounced, says Mr. O'Faolain, in the regions where the Gaelic strain is purest. Irish nationalism itself, as the names of most of its heroes testify, is very largely a creation of the Anglo-Irish, that is of the offspring of Protestant English families introduced under the Tudors, Stuarts and the Cromwellian Commonwealth. It became irresistible only after it was conjoined with the cause of the peasantry, of whose interests the aristocratic Gaelic order apparently took as little account as the rack-rent landlords of the Eighteenth and early Nineteenth centuries. Mr. O'Faolain examines the more recent history of Ireland in the light of its two most conspicuous manifestations. One of these has been the rise of a portion of the former peasantry to economic and political power; another has been the drift of the rest from the farms to the cities. These movements were inevitable and cannot be checked. Here again, it appears, the conservatism of the Irish genius, the worship of ancestral ways, and the xenophobia in which the homines novi have a vested interest, are making the transition painful, and impeding historical development. They are exemplified, Mr. O'Faolain tells us, in the triumphant Philistinism of contemporary Irish Society, the puritanical censorship, the vulgarization of the popular culture by the movies and the radio. Most of all they are reflected in the antagonism between the Irish clergy and the present generation of Irish writers, most of them living in exile, and in the absence, in the most Catholic country of the world, of anything resembling a Catholic intellectual movement, such as those of modern France, Italy and England.

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